

14 June 2011

Issued on behalf of UHY Haines Norton Brisbane

Australia has one of the lowest tax burdens for low earners

- **Research by UHY, the international accounting and consultancy network**

Australia has one of the lowest tax burdens for low earners of any major economy, reveals research from UHY, the international accounting and consultancy network.

Australia has the 18th lowest tax burden out of 20 countries according to how much tax and social security it takes from low earners' wages. The tables (below) rank countries from highest tax burden first to the lowest tax burden last.

UHY International studied tax data in 20 countries across its international network, including members of the G8 as well as key emerging economies. Each country was asked to calculate the 'take home pay' for low and high income workers taking into account personal taxes and social security contributions. High earners were defined as workers earning USD\$200,000 per annum while low earners were defined as workers earning USD\$25,000 per annum. The calculations are based on a single, unmarried taxpayer with no children.

Only Ireland and Dubai (which does not tax income at all) take less in tax than Australia from low earners.

Australia has the 10th lowest tax burden out of 20 countries for taxes on high earners. While Australia takes less tax from high earners than the major EU economies studied, many of the G8 countries – USA, Japan and Russia – impose a lighter tax burden.

Australia vs. the G8 countries

Net pay after tax and social security per country in US dollars (from highest to lowest)

		Salary after tax (based on gross pay of \$25,000)			Salary after tax (based on gross pay of \$200,000)		
Net pay after tax	Germany	\$18,149	72.6%	Italy	\$108,189	54.1%	
	France	\$18,750	75.0%	Germany	\$111,953	56.0%	
	Italy	\$18,800	75.2%	France	\$117,519	58.8%	
	UK	\$20,799	83.2%	UK	\$121,819	60.9%	
	Canada	\$21,204	84.8%	Canada	\$129,340	64.7%	
	Russia	\$21,750	87.0%	Australia	\$134,773	67.4%	
	USA	\$22,660	90.6%	USA	\$139,709	69.9%	
	Japan	\$22,704	90.8%	Japan	\$144,083	72.0%	
	Australia	\$23,395	93.6%	Russia	\$174,000	87.0%	

Michael Garrone, Tax Partner from the Brisbane, Queensland office of UHY Haines Norton, a member of UHY comments: “Companies look at personal taxes when deciding where to locate. If the tax burden is too high, employers may struggle to attract the necessary talent.”

“Compared to other ‘newer’ economies Australia imposes quite a high tax burden on high earners. With the economy heavily dependent on the resources and services sectors, this puts us at a disadvantage in the competition for skilled workers - particularly given we have low unemployment and are looking more and more to immigration to help us alleviate skills shortages.”

“Many high earners will be highly skilled and they are usually very mobile. Australia has come through the global recession relatively strongly, which gives us an opportunity to make ourselves more competitive on tax as other countries raise taxes to shore up their public finances.”

For high earners the difference in the amount of tax collected between the highest taxing country – Italy - and the lowest taxing (excluding Dubai) – Russia - is USD\$65,811, which means that a person earning USD\$200,000 per annum in Italy would pay over three times as much tax and social security as the equivalent person in Russia.

All 20 UHY countries surveyed

Net pay after tax and social security per country in US dollars (from highest to lowest)

		Salary after tax (based on gross pay of \$25,000)			Salary after tax (based on gross pay of \$200,000)		
Net pay after tax	Germany	\$18,149	72.6%	Italy	\$108,189	54.1%	
	India	\$18,663	74.7%	Netherlands	\$109,417	54.7%	
	France	\$18,750	75.0%	Ireland	\$111,905	56.0%	
	Italy	\$18,800	75.2%	Germany	\$111,953	56.0%	
	Estonia	\$19,518	78.1%	Israel	\$112,363	56.2%	
	Mexico	\$20,534	82.1%	France	\$117,519	58.8%	
	UK	\$20,799	83.2%	UK	\$121,819	60.9%	
	Egypt	\$20,847	83.4%	Spain	\$127,332	63.7%	
	Brazil	\$21,023	84.1%	Canada	\$129,340	64.7%	
	Netherlands	\$21,087	84.3%	Australia	\$134,773	67.4%	
	Malaysia	\$21,140	84.6%	Malaysia	\$137,128	68.6%	
	Israel	\$21,177	84.7%	USA	\$139,709	69.9%	
	Canada	\$21,204	84.8%	India	\$141,163	70.6%	
	Spain	\$21,328	85.3%	Japan	\$144,083	72.0%	
	Russia	\$21,750	87.0%	Mexico	\$146,377	73.2%	
	USA	\$22,660	90.6%	Brazil	\$148,088	74.0%	
	Japan	\$22,704	90.8%	Estonia	\$152,515	76.3%	
	Australia	\$23,395	93.6%	Egypt	\$160,847	80.4%	
	Ireland	\$23,937	95.7%	Russia	\$174,000	87.0%	
	Dubai	\$25,000	100.0%	Dubai	\$200,000	100%	

The UHY research reveals that for low earners – excluding Dubai - the difference in the amount of tax collected between the highest taxing country – Germany - and the lowest taxing – Ireland - is US\$5,788, which means that a person earning US\$25,000 per annum in Germany would pay over six times as much in tax and social security as the equivalent person in Ireland.

Michael Garrone, Tax Partner from the Brisbane, Queensland office of UHY Haines Norton, a member of UHY comments: “Australia imposes one of the lightest tax burdens on low earners among all the economies studied. A light tax burden on low earners is a vital incentive to work, and has been a significant factor in keeping unemployment low in Australia.”

ENDS

Notes for Editors

About UHY Haines Norton

UHY Haines Norton is an association of independent accounting and consulting firms in Australia and New Zealand with offices in 8 locations, 40 partners and 290 staff offering services across a wide range of specialist areas and industry groups. In 2010, UHY Haines Norton was ranked 23rd in BRW's Top 100 Accounting Firms.

For more information on UHY Haines Norton, please visit www.uhyhnbrisbane.com.au or contact Bill Charlton, Managing Partner, UHY Haines Norton Brisbane and Gold Coast by telephone on (07) 3210 5500 or via email w.charlton@uhyhn.com.au

About UHY

UHY is proud to celebrate its 25th Anniversary in 2011. Established in 1986 and based in London, UK, UHY is a network of independent accounting and consulting firms with offices in nearly 240 major business centres in 78 countries. Over 6,300 staff generated an aggregate income of US\$583 million in 2010, ranking UHY the 23rd largest international accounting and consultancy network. Each member of UHY is a legally separate and independent firm.

For further information on UHY please go to www.uhy.com

UHY is a full member of the Forum of Firms, an association of international networks of accounting firms. For additional information on the Forum of Firms, visit www.ifac.org/Forum_of_Firms

For more information on UHY, please contact Dominique Maeremans, marketing & business development manager, UHY International, Quadrant House, 4 Thomas More Square, London E1W 1YW, UK. Tel: +44 (0)20 7767 2621, or email: d.maeremans@uhy.com

NOTES END

Press enquiries:

William Charlton
Managing Partner
UHY Haines Norton Brisbane & Gold Coast
Email: w.charlton@uhyhn.com.au
Tel: (07) 3210 5500